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CONSIDERATION OF THE ROLE TO BE ASSIGNED TO PLANNING IN THE CONTEXT OF AFRICA'S SOCIO-ECONOMIC TRANSFORMATION AND DEVELOPMENT

INTRODUCTION

1. In the light of the changes that have recently taken place or are emerging in the world and in Africa, there can be no maintaining any illusions about the centralized planning methods and practices used in Africa since the early 1960s. These changes are also seen in the dramatic collapse of Eastern European economies and with it the belief that central planning was synonymous with speedy and lasting growth and development. In several African countries they have been reflected in the adoption of the market economy system and the pursuit of financial stabilization and structural adjustment policies. In this context, the role of the State is being increasingly confined to the creation of a growth- enabling environment: to the search for ways to set up and maintain basic socio-economic infrastructures, to the provision of such public services as defense, justice, education, health, to the formulation of short-term macro economic policies, the laying down of major guidelines for economic policy and the promotion of private enterprise.

2. However, it is increasingly apparent that the policies now being pursued are by themselves inadequate to create the conditions necessary for lasting socio-economic recovery and development. This is because they overlook such vital issues as the equitable distribution of wealth; the deployment of manpower to meet priority requirements such as health, education, housing and employment; the integration of ecological variables and the promotion of regional and subregional cooperation neither of which can be adequately dealt with outside of a long-term planning perspective. If these issues fail to be adequately addressed, the emerging democracies will be seriously undermined by situations of profound inequality and injustice which could be a constant source of social and political instability.

3. After 30 years of experimenting with centralized planning, the idea gaining ground today, as an appropriate solution is the divestiture of the State from those activities in which private enterprise can function effectively and the immediate removal of the major constraints which stifle popular participation. It is also widely acknowledged that only within a democratic context can popular participation flourish on a lasting basis and that, the democratic environment should consolidate its own transformation by decentralizing policy-formulation and decision-making.

4. The major challenge for African planners today is to find new ways and adequate planning systems which will effectively speed up popular participation and integrate short-, medium- and long-term concerns in order to consolidate the emerging democratic environments.

5. This study forms part of the search for new ways of planning in Africa and aims at outlining the role that planning should play in future in the new context of development in Africa. This role is as yet undefined because the social unrest and upheavals that could take place in the emerging democracies of Africa cannot be foreseen, and the search for genuinely national solutions could take a long time as societies feel their way politically. One thing that is sure is an undeniable and genuine need to plan. This is so certain that it is up to the national planners to seek out and specify the roles which suit the socio-economic and political environments in their respective countries. This paper therefore only begins the search for a solution and must be followed up by more solid and comprehensive research. It comes in two parts - the first gives a general overview of planning techniques and practices in Africa over the last three decades and the second attempts to identify some important aspects of the future role of planning.

I. General overview of planning practices and techniques in Africa from the 1960s to the present day

A. 1960s euphoria in planning despite weak technical and institutional capacity

6. In the wake of independence, African countries set themselves the task of defining the measures that they should implement in order to complement their political independence with economic independence. They were faced with an immense task and the numerous implications of

the unavoidable reorganization and restructuring of the economies inherited from the colonial system. Therefore the measures defined, pride of place was given to development planplan;ning, whose necessity was acknowledged by all shades of opinion. For the newly-independent African countries, planning was a symbol of progress and autonomy and an effective means of acceding to genuine economic independence. It also made it possible to assess and to bridge the gap between themselves and the developed countries. The justification for this position was:

(a) The success of the Soviet five-year plans that had propelled the country to the position of second world power in less than 50 years;

(b) The need for foreign assistance which could not be secured without a national economic development plan; and

(c) The experience gained during the colonial period in certain countries such as Ghana, Morocco and Egypt where planning had been instituted.

7. Overall, however, the planning capacities, namely, institutional framework, the statistical apparatus, skilled manpower, etc. were virtually non-existent. Because of this, the first plans in Africa were prepared largely by foreign technical assistance, including freelance experts, research firms, bilateral assistance teams and missions of international financial institutions, supported by local teams comprising directors of central planning bodies and the few experts of technical ministries, which did not have adequate facilities for project analysis or regional planning. Even when the technical assistance personnel had acquired planning experience elsewhere, they knew very little about development problems in Africa and the few local personnel were young and inexperienced.

8. There was a very striking similarity between the development strategies and objectives adopted, although each plan was prepared within a strictly national framework, without taking account of planning in neighbouring countries. Despite the ideological differences, the main concerns were as follows:

(a) Reorganization of the colonial administrative structures with a view to adapting them to socio-economic development objectives;

(b) Reform of domestic trade and distribution channels;

(c) Development of the modern sectors, particularly cash crop agriculture and mining;

(d) Speedy establishment of national local raw material processing industries and research structures for the development of natural resources; and

(e) Intensification of schooling and staff training for the Africanization of jobs, increasing health care facilities, establishment of social infrastructure, etc.

9. In general, the overriding objective in all the plans was the raising of the standards of living and improvement of the living conditions of the people through increased national production and a fair distribution of the national income.

10. The development strategies, on the whole, were founded on increasing the productivity of the modern sectors, particularly agriculture and mining in order to obtain the necessary financial resources for capital, intermediary and consumer goods. Producer prices given to farmers were to help expand

domestic demand, increase agricultural productivity and free part of the agricultural labour force for other productive activities, especially in industry. The main purpose of industrialization was to ensure import substitution and, to a lesser extent, to process exportable raw materials and to produce capital and intermediate goods. Besides, industrialization was to promote employment creation and structural changes conducive to economic modernization, promote vocational training and generate domestic savings. However, in so far as the largest share of the resources was to come from abroad, foreign trade became the cornerstone of the established economic system.

11. Theoretically, the plans were comprehensive because they specified objectives for sectoral GDP growth, public and private investment, government and household consumption and exports and imports. However, the objectives were nothing more than indicator projections based, most often, on extrapolations modified on the basis of common sense. While the plans can be classified as indicative or imperative, it should be said that African countries did not have the tools for either of the two types of planning; in other words, their administrative apparatus was quantitatively and qualitatively inadequate for implementing imperative planning. Indicative planning instruments were also disadvantaged by the lack of diversification in the taxation system and by a rudimentary credit system, lack of or very restricted financial markets, a large own-account sector and budgetary expenditure composed largely of operating expenses. The formal framework of the plans was therefore limited to securing coherence between investment objectives and domestic and external resources.

12. The pride of place given in plans of the period to the development or investment budget testified to a certain degree of continuity from the colonial period and to the fact that the budget was the main instrument to which the planning body had access. The development budget was also of particular importance to donors in the sense that the initial plan implementation rate most often determined the actual level of development expenditure.

13. Planners paid little attention to the operating budget and planned recurrent development spending was inadequately examined. Moreover, the planning agencies only showed sporadic interest in economic policy instruments such as pricing and credit policies, money supply, exchange rates, currency regulations, regulation of private external borrowing, aid distribution, taxation and public expenditure other than investment. All these instruments which constitute the controls of the economy and which enable its balance to be preserved were not analyzed and systematically integrated in the planning system. They were managed independently by such institutions as the Ministries of Finance and Trade and the Central Banks over which planners had no authority.

14. For this reason, the optimism aroused in the 1960s with respect to macro economic trends, quickly proved to be unrealistic in the face of foreign sector imbalance brought about by extremely slow export growth, increasing dependence on imports and capital flight. The public finance imbalance reflected the rapid growth of operating expenditure as well as the swelling of current expenditure as a result of investments made without detailed study and without serious planning. Along with this, industrial production stagnated as the easiest import-substitution possibilities were quickly exhausted, bringing in its wake a consumption pattern characterized by a widening income gap aggravated by the introduction of highly capital- intensive technologies. Progress made was mainly in the areas of education, health and training.

B. Development planning during the 1970s

15. In the face of this situation, the 1970s witnessed a substantial expansion of planning activity in an effort to remedy the shortcomings of previous attempts. The theoretical scope of planning was

expanded at three levels. Firstly, at national level: the increase in the number and size of enterprises led to a substantial extension of the role of the State. Secondly, at subregional level: it seemed that the balkanization of the continent was a factor of external vulnerability that limited growth possibilities and undermined Africa's position in international negotiations. Similarly, the lack of coordination between national policies that had characterized the initial plans led to the duplication of non-viable projects. Efforts were thus initiated to establish various subregional organizations and to implement various forms of cooperation and integration from which several benefits were expected including increased intra-African trade, integration of industrial production and services, easier and less costly access to foreign technologies and harmonization of national plans. Thirdly, at regional level: the revised ECA master-plan for establishing a new world economic order highlighted the discrepancy between the development strategies adopted in the 1960s and Africa's economic transformation objectives and went on to formulate new strategies for: (i) making specific efforts to secure increased self-sufficiency; (ii) accelerating the internal and autonomous process of growth and diversification; and (iii) gradually eliminating unemployment and mass poverty.

16. In the countries, the institutional planning framework was gradually reinforced with skilled manpower and resources and new planning agencies and posts were created. Permanent structures including ministries or offices, planning and programming departments, units within technical ministries, regional planning services, central statistical offices equipped, in principle, with all the functions necessary for carrying out the planning exercise, namely definition of economic planning policy, studies on the design and implementation follow-up, programming, development project evaluation, organization and direction of programmes, investment coordination, organization of consultation with socio-professional groups, harmonization of opinions and possible choices, etc. dominate all socio-economic activities. These are strengthened by such temporary structures as supreme planning councils (the supreme authority responsible for directing economic policies), the planning management committee (the technical guidance body), sectoral technical committees (responsible for the detailed preparation of the plan) and advisory bodies (which give economic and social advice).

17. The planning process, which was more or less complex depending on the country concerned, is governed by the same logic in all systems: definition of political directives by the political authorities; preparation of a general framework by the central planning body; detailed analysis by sectoral committees, synthesis and approval; and implementation and follow-up.

18. In the plan preparation process, sectoral technical committees whose main task is to study prospects by sector and by branch, to specify the objectives to be attained during the final year of the plan and to determine the various resources necessary for their attainment have a vital role to play. Because of the number of these committees (supposed to embrace all activities covered by the plan) and the varying backgrounds of the personnel taking part in the work (theoretically all technical and administrative officials involved in the implementation of the plan both at the national and local levels), their experience, expertise, surveys and basic studies on which they depend, plans are considered to be a collective effort. The comprehensiveness indispensable to balanced planning, is achieved through the harmony of general operating hypotheses, the homogeneity of the estimation methods used and general coordination of all evaluations.

19. Although not always clearly obvious, the methods used combine pragmatism and empiricism, for lack of a reliable statistical apparatus with the conventional projection procedures of extrapolation, use of capital coefficient, input-output and consumption models, project analysis, etc. for determining the growth rate of investments, sectoral production and consumption patterns. In some respects, there was a marked development of planning methods during the past two decades with local officials

becoming more conversant with them. However, despite the recruitment of a large number of local economists and considerable civil service staff strength, the practice of calling upon foreign technical assistance personnel or financial institutions to prepare plans continued.

20. At the micro-economic level, project evaluation methods were considerably developed. Attempts were also made to conduct systematic analyses of agricultural markets (and pricing policies) and the effectiveness of foreign trade and exchange rate policies. It cannot be said, however, that these analyses are regularly applied in the formulation of policies, but there is now a wealth of experience and data. At the macro economic level, the increasing use of models has stimulated the search for fundamental relationships, the assessment of statistical data bases and the conduct of more complex macro-analyses.

21. Nevertheless, the expansion of the institutional framework led to a dispersal of planning tasks among a large number of poorly coordinated bodies that did not have access to the top officials and which, instead of bringing about greater coherence in planning operations, further disorganized them.

22. For instance, the choice of an appropriate location of the central body and of the institution of a major decision-making process requiring coherent and firm planning have remained an endemic problem that is still unsolved. The quasi-general rule is to separate the Ministry of Finance and the Ministry of Planning, with the latter Ministry having no priority over the other ministries. In the few exceptions to this rule namely, Botswana, Ghana and the Central Africa Republic, there has not been any change in the process of resource allocation. In times of economic crises, short-term budgetary concerns relating to the functioning of the public services gain precedence over any investment expenditure. Thus the domestic investment budget prepared by the Ministry of Planning depends on the goodwill of the Ministry of Finance and very often remains a dead letter. Planning authorities are further weakened by the fact that budget estimates are generally not based on those of the basic indicators in the plan. The other technical ministries with the same status as the Planning Ministry, in government hierarchy, also do not submit to its requirements since they have direct or indirect access to external financing sources. The Ministry of Planning tries single-handedly to keep an up-to-date list of projects which increasingly become unrecognizable as changes are made in the designation, content and orientation of activities.

23. Moreover, planning and finance departments are unable to monitor the financing of projects because disbursement accounting is not their responsibility. This is because the appeal for funds is often made directly between the project management and donors and payments are also made between donors and external suppliers of goods and services. The technical departments themselves do not always have information on the physical implementation of their projects and cannot lay any claim to verifying the relevance of their objectives, the choice of technologies or the quality of the impact of the projects and programmes on the actual living conditions of the people.

24. The private sector which does not have easy access to planning and budget documents because of the bureaucratic tendency to secrecy does not feel party to the implementation of the plan since it had no part in preparing it, and only got to know of it through the often very unrepresentative chambers of commerce and industry.

25. Designed without coherence from competing and ambitious political options, macro economic projections totally detached from economic, financial and socio-cultural realities, and within the context of ritual state budgeting based on the computation of project ideas within technical ministries, plans are implemented amidst inter governmental and inter-bureaucratic rivalries, in other words in a disorder that leaves no room for coordination and harmonization of the plans at the subregional

level. Subregional coordination structures which depend on national budgets to function, struggle for survival and attempt to implement, with State backing, projects financed by external sources and which are not included in the planning process.

C. Marginalization of planning systems during the 1980s

26. During the 1980s, several initiatives were made at the regional level to base planning on specific strategies and objectives suited to the economic development and growth of the continent. These were the adoption of the Lagos Plan of Action (LPA) and the Final Act of Lagos (FAL), Africa's Priority Programme for Economic Recovery (APPER), the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD) and the African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Transformation (AAF-SAP).

27. During this period, however, the trend towards the low rate of planning was reinforced by the serious and widespread social and economic crises that the continent was going through and whose visible consequences from 1980 to 1989 were the decline in various sectors i.e. 1.7 per cent in per capita income, 1.9 per cent in gross fixed capital formation, 2.7 per cent and 3 per cent in the volume of imports and exports respectively, 3.1 per cent in commodity prices, coupled with a quadrupling of unemployment, a doubling of the debt burden to $US 256 billion in 1989 and an increase from 17 to 18 of the number of African least developed countries.

28. With the continuation of the crisis and the attendant mounting uncertainty, the international environment and growth conditions have become less and less foreseeable over a long period of time, making the urgency of needs and the tensions that they engender even more critical. Macro economic and financial imbalances result in more intense intervention of external partners in debt payments and in the policies for bringing about a balance. The countries continued to engage in an unending succession of structural adjustment that came to replace long-term development strategies: numerous plans prepared in keeping with the objectives of the LPA and FAL were purely and simply cast aside without any hope of being implemented.

29. The crisis has undermined the belief in planning for several reasons:

(a) The leverage of Governments in decisions on the allocation of resources has been drastically reduced and even totally eliminated;

(b) The policies implemented in structural adjustment programmes have nothing in common with the usual stages associated with economic planning; and

(c) The crisis has put in question the effectiveness of previous planning efforts and strengthened the arguments of those who had criticized public intervention in those efforts.

30. The erosion of the leverage of Governments came about as the result of the increasing share of external aid in development budgets, which affected the distribution of external resources as well as predetermining national contributions to projects financed and influencing the trends in recurrent expenditure for the selected projects. In fact, decisions on investments, particularly public investments are made during negotiations on aid and debt repayment.

31. Structural adjustment policies aim, inter alia, at trimming down the public sector, eliminating price distortions in the various sectors, liberalizing trade, promoting savings and, over and above that, securing balanced budgeting and balance-of-payments equilibrium through the adjustment of exchange

rates, devaluation, interest rates policy aimed at encouraging savings and better resource allocation, credit control and reduction of public expenditure. States implementing adjustment programmes seek to restore liquidity in their economy and to withdraw from the productive sectors. Most deplorably, SAPs are generally prepared with the support of the World Bank and IMF independent of any consultation with the parties to the social contract under which the plan will be implemented. Initially designed as temporary corrective measures, SAPs have gradually become foreign-operated economic policy instruments of no set duration. In spite of the accompanying liberalization, they hardly allow for decentralized planning because of their paradoxical tendency to overly centralize public financial resources.

32. The wide range of instruments available to Governments for restoring general economic balance include: the budget, the money supply, credit, exchange control regulations, exchange rates, regulations on external borrowing and, to a lesser extent, aid distribution. In African countries, these measures come largely under the responsibility of the Ministry of Finance and the Central Bank. Structural adjustment programmes are going to move the centres of decision-making mainly towards these institutions, leading to a loss of influence of the Planning Ministry and indeed the marginalization of the planning systems in keeping with liberal thinking that local prices should reflect international market prices and also that State control should be minimized. Such a concept seems to suggest that planning should have as little influence as possible on the international economic relations which form the backbone of African economic systems.

33. The modalities of adjustment programme implementation and the major role played by the World Bank and IMF have also deepened and widened donor interference in the work that falls within the area of competence of national planning systems: advice on economic policy options could lead to strict conditionalities regarding the securement of funds for projects planned under investment programmes; close supervision in the execution of certain projects; and establishment of totally autonomous economic diagnosis and forecast facilities by certain multilateral or bilateral agencies, some of which could conduct their own economic surveys, process the data and analyze them to back up their standpoints during negotiations with the countries, etc.

34. In practice, the diversity of aid bodies and procedures and the concern of donors to maintain direct contacts with each administration responsible for the programme, make it possible to evade any central control, making the coordination of aid which is the responsibility of the Planning Ministry difficult. Moreover, the short-term collection, processing and analysis of information on public finances and debt often involve all the planning, forecasting and statistical services. This aspect introduced in statistical and planning work by donors should not be under estimated. The poor quality of data on household consumption, savings, employment and mobility patterns or those relating to regional and spatial development is due to the little importance that donors attach to income distribution issues. The countries themselves have not paid enough attention to the development of the statistical services so that in several countries macro economic data collection has advanced very little or has even deteriorated. Such deterioration of the statistical base makes planning more difficult since a decline in planning, in turn, contributes to greater incoherence of the statistical system. In fact, good statistics are produced in response to specific needs.

35. Another major consequence of adjustment programmes is that with the erosion of the central control exercised over resource allocation and the ever-increasing external share in investment financing, the objective of planning has shifted from rational resource allocation to the search for external financing, with the plans reduced to a list of projects proposed to external aid agencies for selection. A fairly widespread trend in the implementation of SAPs during the 1980s was the system of triennial rolling programming (Côte d'Ivoire, Togo, Gabon, Senegal, Mali, Botswana, Seychelles,

the Niger, etc.) which made it possible to clearly outline the annual investment budget and medium-term investment programme. The triennial public investment programme, in principle, comprises macro economic perspectives for a three-year period and a portfolio of projects included in the consolidated public investment budget (comprising State resources, gifts and funds drawn on external credits subscribed, guaranteed or reallocated by the State). The first year of the programme corresponds to the financial investment budget voted by law. The triennial public investment programme is roll-sequenced to cover the budget year and all State investments. It involves an annual evaluation of financing capacities and the implementation of studies on the timeliness and feasibility of the projects concerned. It also formally introduces the procedure of competent budgeting and is equivalent to a law. While it resembles a long-term planning process (enumeration of macro economic indicators and listing of supporting projects), the triennial public investment programme corresponds to the logic of SAP and not to that of long-term planning. Adjustments are based on actual, particularly external financing possibilities and not really on long-term development objectives and priorities. Its preparation is also far from being the product of collective effort, a worthwhile objective pursued in the preparation of national development plans.

36. The quality of the investment programming thus undertaken depends on three elements: availability of the statistics necessary for macro economic and macro-financial framing, methodologies and project evaluation and selection techniques and the taking-over by the technical ministries of certain investment programming and monitoring tasks. These three conditions are far from being met. In fact, there are long delays in the production of national accounting statistics in many countries, with the capacity to select projects being totally contingent on the availability of external financing. Ministerial departments rarely monitor the physical implementation or impact of projects. Even worse, just as in the case of national plans, popular participation or the organization of a permanent dialogue for such participation is totally lacking.

37. To sum up, development planning experiences in Africa are characterized by poor performance in the fulfilment of objectives and by numerous deviations from official priorities. The reasons for this are the unsuitability of the development models adopted, unrealistic projections, lack of cohesion between objectives and the resources for achieving them, numerous technical deficiencies at the level of design and implementation, strong external dependence and the lack of control over the resultant economic policy instruments. The vulnerability and precarious nature of the main activities of the majority of the people (agriculture, subsistence and informal activities) limit the impact of normative planning. SAPs that have gradually replaced development plans are inappropriate because they are focused on the short-term and the regulatory function of the market, contrary to common knowledge that many problems cannot be left to the mercy of an imperfect market incapable of seizing development opportunities.

38. The elimination of the strategic function of planning by SAPs has several adverse consequences: the long-term consequence of policy decisions are neglected as are essential issues such as income distribution, population, employment, popular participation, appropriate development and long-term structural models. On the other hand, thinking on these issues has clearly shown that the main problems of Africa are not primarily those of adjustment and restoration of balances but rather those of the very essence of development, the priority needs to be addressed, the social and cultural balance to be achieved and what that means in terms of equitable relations with the outside world.

II. THE NEW PLANNING PROCESS

A. Role and major objectives

39. For a long time, the main objective of Africa's development will remain the reduction of widespread poverty and the improvement of the standards and conditions under which people live. The main role of planning is to help to achieve this objective by instituting an endogenous development process which is the only way that will enable African countries to achieve autonomy and to carry out authentic economic and social transformation. The experience of the past three decades described in Part I of this paper shows that there can be no lasting socio-economic development without the voluntary, free, full and active participation of the people themselves in the process with due account taken of the need to address short-term needs in basic foods and in essential goods and services.

40. In order to play this role, planning should be aimed at achieving the following essential objectives: (i) to bring the national body politic to a high degree of internalizing the stakes of planning by helping people to make a set of democratic choices having to do with the type of the society they want to build, long-term development policies and the various stages in which they are to be pursued, the setting of objectives and priorities at each stage; (ii) to make the plan a sure and useful reference for all categories of economic and social transactors: household, public and private enterprises, the informal sector, funding agencies, mass organizations, subregional and regional economic and political groupings; and (iii) to promote the integration of African economies.

41. To this end, planning must be based on the broadest possible identification of needs and constraints, the objective analysis of the interests at play, the search for reconciling such interests through procedures for negotiation and the formulation of genuine collective preferences which are reflected in the priorities of a coherent strategy. Such a strategy will become the standard point of reference for all decisions taken in implementation of the strategy and the process will be all the easier since a democratic process of decision-making will have been organized to allow for effective and continuing dialogue throughout the planning exercise. The strategy should also be built on the genuine and manifest political will of the people as expressed in the commitment of all the social strata to its vigorous implementation. This will be possible only if the planning process takes into account the various forms of participatory development, the networks and relationships of popular organizations and seeks, as a matter of priority, to develop and to strengthen national capabilities for the design, analysis and implementation of reform programmes that will transform the nation socially and economically. In developing national capabilities, care must be taken to give priority to enhancing people's ability to design and implement development projects which cannot succeed without their participation and support. Consequently, African voluntary organizations and non-governmental organizations should in particular be at the centre of the planning process.

B. Major requirements for planning

42. Planning can only achieve these new objectives within the context of effective decentralization of the decision-making process and the integration of long-, medium- and short-term concerns into the development vision. For the speedy attainment of endogenous development therefore, the main constituent elements for decentralized and participatory planning should be identified and ways found for articulating and coordinating long-, medium- and short-term plans so as to remove gradually such constraints and impediments to planning as the highly precarious and vulnerable nature of essential activities, external dependency, the serious lack of statistical information, the lack of control over economic policy instruments, the weakness of planning institutions, the absence of popular

participation and of dialogue with the social components involved in the process and the weakness or lack of both training and resources in the local private sector among other things.

C. Decentralized and participatory planning

43. Decentralized planning is one approach to regional planning that consists of distributing rationally on the national territory both productive forces and economic activities on the basis of a comprehensive strategy for developing natural resources, economic and social infrastructure while taking into account the needs and distribution of the population. Through decentralization, the planning process can better control the spatial dimension of development through: (a) the organization of national space using physical planning schemes; (b) the balanced development of the rural world through the promotion of more diversified production activities and the establishment of human settlements with a view to checking rural-urban drift through such activities as would influence the movement of people and trade; (c) urban development in harmony with industrial and infrastructural development; (d) deglobalization of sectoral planning and the greatest decentralization possible in action programmes; and (e)At the micro enabling the emergence of a sound work ethic based on powerful incentives.

44. To this end, planning must be seen first of all as a policy, reference and stimulating instrument for economic activities aimed at a better setting of priorities and greater coherence in policy-making. The role of the central planning organ should be confined to coordinating all regional and local plans within a comprehensive framework that seeks to integrate them and whose policy orientation is based on a deep knowledge of the regional and local potential, needs and priorities.

45. The pursuit of a decentralized planning policy should also make for greater management autonomy and freedom of decision-making for public enterprises and mass organizations especially. The search for ways and means of taking into account the initiative of people, regional and local communities with a view to satisfying their own needs from their own resources should be a fundamental and continual aspect of planning.

46. As a matter of fact, a decentralized and participatory planning system pre-supposes the existence of regional and local decision-making centres that are by nature independent of the national centre of decision-making. Such centres should have their own objectives and resources as well as negotiating power. They should be empowered to formulate, implement and evaluate regional or local plans in relation with grass-roots development organizations.

47. It may turn out that decentralization would be costly particularly with reference to basic studies and the running of new planning agencies. However, the genuine political will which forms the basis for the new planning process should make it possible to pay the price using an objective evaluation of the costs involved since only by a firm and irrevocable commitment to decentralization can planning better take into account the interest of beneficiaries and make them participate effectively in the planning process.

48. It is also undeniable that when various regions of a country are all animated by the legitimate aspiration to put an end to underdevelopment and its train of misery, poverty and disease, they enter into competition with one another because the scarcity of resources makes it inevitable for the central authority to arbitrate. Such arbitration, however, should be based on a constructive, objective and rational dialogue that makes it possible to distinguish the local from the regional and national interest which, at their respective levels, must be justified, concerted and consolidated. The objectives of justice and equity and the keen sense of patriotism should form the basis of such arbitration. They

should also help to ensure that regional distinctions are made on the basis of a national consensus that safeguards peace and social stability.

49. The risk is also great but foreseeable that the decentralized planning system might end up becoming a multiplicity of small and unviable projects given the fact that demagogy is highly tempting at the local level close to the electorate. One role of the new planning process is to reduce such a risk to the minimum through an effective contribution to the selection of projects, the evaluation of costs and the judicious sharing of such costs.

50. In the current context of Africa, this type of planning will doubtless require a fresh distribution of tasks within the State apparatus with a substantial transfer of technical skills and financial resources to the regional and local levels in terms of operating resources, consultancy agencies and technical planning commissions. It might be crucial to set up effective local development assistance institutions to provide financial, technical and material assistance to decentralization activities and for initial and further training programmes to be set up to enable staff to cope with the requirement of decentralization.

51. Decentralization also pre-supposes the existence of in-depth regional studies on the development status of the region, its potential, its specific features, in particular geographic, demographic and social, its needs and development trends, the various social categories, their major problems, the principal constraints, the social and economic disparities within the same region and among the various regions in a country. It requires a developed statistical capability and adequate resources for planning because the basic studies are of capital importance for rational location of projects and for the harmonization of planned activities. One of the major causes of the failure of attempts at decentralized and regional planning in Africa in the past has been the lack of basic studies and the paucity of statistical information. This should be given particular attention.

D. The integration of long-, medium-, and short-term considerations

52. The principle of this approach is to ensure that in the medium- and short-terms, long-term development decisions predominate and that development is not subordinated to structural adjustment requirements as is being done in the roll-sequenced public investment programmes being carried out in a good number of African countries. It also involves the application of long-term policy guidelines in the use of the technical instruments available for planning. The integration of the short- and medium-term considerations is technically dependent on two types of interface: an interface between specific and political objectives to be achieved and an interface with the practical decisions that these objectives and policies require over time.

53. In order to achieve the former, considerable efforts must be made to ensure that the objectives and policies are clear, precise and so detailed that from the initial to the final phase the responsible institutions, the procedures, the time frame for implementation and the direct and indirect factors contributing to their achievement are clearly defined. Each policy would therefore have to state the estimated time required for its formulation and implementation and the sequence of its effects in time whether or not the policy has to do with investment or leadership training.

54. In this approach, an effort is made to know the dates by which the effects of a specific programme will begin to be felt, to better appreciate the interface and inter-dependence of policies, to take cognizance of the importance of the chronological sequencing of policies and to improve substantially the quality of plan follow-up and implementation by making a rational choice of indicators suited to the various programmes and subprogrammes.

55. Since accuracy in policy formulation has highlighted the issue of coherence with policy objectives and detailed programming shows how activities are to be sequenced in time and to align decision- making to set objectives, the harmonization of long-, medium- and short-term considerations will be fully effective. A major gap in African planning will thus be filled by the required strengthening of financial control, the development of physical monitoring of investment programmes, the follow-up of implementation and the evaluation of the impact of policy guidelines for the creation of an enabling environment. Such monitoring will reveal design deficiencies and constraints to the pursuit of planned policies and should invite the necessary corrective measures. The problem of many African countries is that of implementing impartially and effectively appropriate legislation to encourage investment and private initiative within an environment that favours development including the improvement of all the human qualities of people without which development cannot be instilled into the social fabric of the nation - such values as that which society attaches to personal effort, work and the spirit of enterprise and initiative which gradually diminish if not actually disappear when laws are enforced arbitrarily or tainted with bias. The impartial enforcement of appropriate laws will contribute substantially to ensuring that decision-making conforms to set objectives.

56. The process of planning should therefore have long-, medium- and short-term components comprising the following:

(1) A 25-year long-term plan which allows for continuing development and the structural changes expected to occur in the economy. Such a plan would deal above all with the main macro economic components, the priority sectors and with large-scale projects of paramount importance to development at the national, subregional and regional levels:

(a) The retrospective analysis will attempt to define the development trends observed as well as the mechanisms of such development and among them the conditions for changing the trend. It will also identify the main variables at the source of the trend and other dynamics needed to secure a more accurate picture of the realities;

(b) The prospective analysis will use its instruments to determine the likely trends in the future on the basis of the critical variables selected. However, since such an analysis can hardly be considered to be foolproof, it should also distinguish between various development scenarios using various hypotheses as to trends and variables, identify the risks and advantages of these hypotheses and link them to the normative scenarios, taking into account collective preferences for building desirable and credible scenarios. Building scenarios also helps all concerned to improve their view of the situation through the alternative political, economic and social options presented. Perspective studies conducted by ECA and other international organizations could be analyzed in this regard and adapted to specific national and subregional frameworks by means of more detailed long-term forecasts using sounder statistical methodologies to be prepared as a matter of priority. The national issues to be dealt with will focus essentially on:

(i) Population: expected growth, volume, age structure, spatial distribution, migratory trends, urbanization, rural exodus, social stratifications, aspirations of specific groups, role of women and youth and other groups. Environmental problems posed by population increase;

(ii) Human development, feeding the population, job creation, minimum essential socio-economic facilities and amenities, types of education and training for meeting future needs;

(iii) Consumption pattern and cultural aspirations;

(iv) Production structure and consumption pattern;

(v) Impact of new technologies and international specialization;

(vi) Macro economic prospects;

(vii) Resource mobilization:

a. Prospects for domestic savings and the return of capital invested abroad by nationals;

b. Income distribution and problems of access to resources;

c. Sustained mobilization of resources to finance development programmes, prospects for external financing and modalities that will maximize the effectiveness of external aid;

d. Mobilization and integration of skilled nationals working abroad;

e. Creation of proper conditions for the use of skilled nationals and capabilities; and

f. Capability for viable project design and for proper management of such projects;

(viii) Political and institutional structures suited to endogenous development;

(ix) Sectoral problems such as achieving agro-food balance and creating conditions for desirable environmental development:

a. These are basically long-term issues which bring the characteristics of the society into play. It is absolutely necessary to understand that a long-term problem is not one whose solution can be postponed until later but one whose obvious consequences will have an impact in the long run;

b. At the subregional and regional levels, programmes and measures likely to intensify cooperation and integration will also need to be identified as will the types of national products to be developed for the subregional and regional markets. At the international level, studies should be conducted into the competitiveness of national exports on international markets, the types of research and products to be developed, the measures to be taken to monitor and to analyze changes in the international market and to respond appropriately to such changes.

(2) Four- to five-year medium-term plans which would be so sequenced as to make implementation of the long-term development plan possible and introduce a degree of flexibility into the planning process. In particular, the medium-term plan would spell out the structural development strategies to be pursued, an institutional development strategy and an environmental action plan. The medium-term plan would thus become an instrument for review and updating of the long-term plan and ensure its continuity. It should also become the means of facilitating gradual transition and for

ensuring that short-term programmes are compatible with long-term prospects. It should be more detailed and relate not only to sectors and subsectors but also to various specific planned activities.

(3) One- to two-year short-term plans which will serve as instruments for implementing medium-term plans. Such plans should be detailed and precise with regard to the nature and structure of resource allocation to the various sectors, subsectors and projects and make for the systematic integration of the financial, economic and social aspects.

E. Mastery of economic policy instruments

57. Within Africa's current situation, policy preparation systems should be systematically assessed and a programme of action formulated to improve and strengthen national planning systems and establish planning structures at the subregional level, as a matter of utmost urgency. Such an assessment must deal, particularly, with institutional and organizational capabilities, local planning staff and conditions for the efficient functioning of selected economic policy instruments for the implementation of an endogenous planning process.

58. The adoption of an integrated forward-planning process capable of reflecting long-, medium- and short-term concerns by integrating financial and realistic variables, presupposes a planning system likely to master any economic policy instruments that govern:

(i) Income and expenditure budgets; implementation of fiscal and public spending policy adapted to plan objectives;

(ii) Money supply and loans: policies on the sectoral allocation of loans to be granted in priority sectors, adoption of selective interest rates, establishment of a fund for lending at subsidized rates to certain groups of operators, intra-African monetary cooperation, etc.;

(iii) Distribution of foreign aid, pursuant to objectives and priorities of the plan;

(iv) Regulation of foreign borrowing: limiting of debt service ratios, channelling borrowed money into plan objectives and priority areas, etc.;

(v) Exchange rate and exchange control: rational use of de facto multiple exchange rates and/or establishment and streamlining of such a system so as to transfer and mobilize resources, stop capital flight and ensure the availability of essential imported products.

(b) System to encourage efficient resource allocation:

(i) Adoption of investment codes and procedures so as to promote local small-scale industries, modernize agriculture, animal husbandry and the informal sector;

(ii) Regulation and orientation of foreign investment to conform with priorities of the plan;

(iii) Control over public enterprises (choice of technologies, determination of production costs, employment and training policies, production programmes, etc.);

(iv) Pricing policy, especially, for agricultural products and other essential goods and exercise of control over them;

(v) Selective policy to subsidize prices in order to increase the local supply of essential goods;

(vi) Policies on public service employment and salaries in conformity with objectives of the plan;

(vii) Fiscal policies in favour of long-term development;

(viii) Review of policies relating to customs duty, import quotas, taxes and export subsidies in order to accelerate the integration of African economies; and

(ix) Policies on import licences oriented towards priorities of the plan; transport policies geared towards the development of intra-African trade.

(c) Institutional and local manpower development - quality control instruments:

(i) Land and agrarian reforms policy giving increased access and right to land as well as land ownership;

(ii) Scientific and agricultural research policies reflecting the priority objectives of the plan;

(iii) Educational and training policy in line with long-term economic development objectives;

(iv) Policies to rehabilitate and rationalize production capabilities and infrastructures;

(v) Physical planning policies for fairly balanced spatial development liable to curb rural-urban drift and the growth of cities;

(vi) Population policies in relation to development objectives;

(vii) Popular participation in the planning process - organization and modalities;

(viii) Legal infrastructure: formulation of precise legislation on the participation of various economic and social groups such as rural cooperatives, craftsmen and traders; and

(ix) Establishment of rural institutions to encourage cottage and home industries with emphasis on indigenous technology, domestic financing, rural infrastructure and women's participation; community development institutions, particularly, local NGOs and self-help programmes.

59. Certain specific instruments for the follow-up of popular participation identified within the African Charter on Popular Participation such as:

(a) Political accountability of leaders at all levels for the results and progress of planned activities;

(b) Decentralization and democratization of decision-making processes and institutions;

(c) Press and media freedom in order to facilitate public debate on major issues;

(d) Rule of law, social and economic justice;

(e) Protection of the ecological and human environment; and

(f) Establishment of a coordinated planning system that controls all the economic policy instruments for selected plan implementation.

60. Planning must basically address the examination and selection, depending on the special situation of each country and subregion of major policy instruments (which must be given their proper place, within a given time-frame) from the list of instruments proposed earlier along with other instruments deemed useful after prior analysis of the substantive tasks to be performed. At the national and subregional levels, an organizational framework in terms of the essential instruments chosen for the execution of plans should be worked out and the staff necessary to make these structures function identified, selected and organized.

F. Establishment of a basic information system

61. A programme for the recovery of long-term planning potential must give priority to the improvement of basic data, without which proper analysis of economic policy cannot be conducted. Indeed, the deficiency in the system of data on African economies is well known: data describing the official economic system give an incomplete and inaccurate picture of real economic activity. Available data have always poorly appraised subsistence activities in the rural area, sales of local foods and the non-structured urban sector. With the upsurge of the crisis, the parallel economy is booming but, a growing number of activities escape the control of official circles and business is transacted at prices very different from those officially approved.

62. It is clear that any description of the economy that overlooks these parallel activities would be very incomplete. The immediate thing to do is to determine core formal definitions of a minimum data system for planning, in terms of set short- medium- and long-term objectives.

63. Within the context of pursuing endogenous development objectives, such an information system would, necessarily include:

(a) Main elements of a standard national accounting system established each year (with an input-output table, updated, for instance, every five years);

(b) Estimates of real income and expenditure of households per sector and per social group;

(c) Complete agricultural data on the main foodstuffs and export crops produced;

(d) Industrial statistics, principally production, use of installed capacities, costs and input-output correlation;

(e) Social statistics: education, health, nutrition, housing, employment, unemployment and satisfaction of basic needs;

(f) Budgetary data, with expenditure presented if possible in a manner that can be analyzed according to its economic function and its distribution per ministry;

(g) Data on the balance of payments, external debt and money supply; and

(h) Basic economic documents comprising feasibility studies on sectoral activities, project execution reports, all sectoral studies likely to lead to a better understanding of national, subregional and regional economic activity and development prospects.

64. In conclusion, the basic requirements that will enable planning to fully play its new role should be speedily met if the errors of the past are to be avoided. These requirements particularly have to do with decentralization within the context of popular participation, the integration of short-, medium- and long-term considerations into the planning process, the mastery of economic policy instruments and the establishment of a basic information system for planning purposes. The region can respond by rationally using established planning capacities; strengthening statistical systems at the national, subregional and regional levels; establishing economic policy instruments and adequate institutional structures at the national and subregional levels; and upgrading available human resources, especially, the technical staff, in the area of planning and statistics.